

ANNEX III

CONCERNING THE DEFINITION OF THE CONCEPT OF “ORIGINATING PRODUCTS” AND METHODS OF ADMINISTRATIVE COOPERATION

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TITLE I GENERAL PROVISIONS

Article 1 Definitions

For the purposes of this Annex:

- (a) “manufacture” means any kind of working or processing including assembly or specific operations;
- (b) “material” means any ingredient, raw material, component or part, etc., used in the manufacture of the product;
- (c) “product” means the product being manufactured, even if it is intended for later use in another manufacturing operation;
- (d) “goods” means both materials and products;
- (e) “customs value” means the value as determined in accordance with the 1994 Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade (WTO Agreement on customs valuation);
- (f) “ex-works price” means the price paid for the product ex works to the manufacturer in SACU in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used, minus any internal taxes which are, or may be, repaid when the product obtained is exported;
- (g) “CIF price” means the price paid to the exporter by an importer in MERCOSUR for the product when the goods pass the ships rail at the named port of shipment. The exporter must pay the costs and freight necessary to bring the goods to the named port of destination. For landlocked countries, the port of destination means the first sea port or inland waterway port located in any of the Signatory Parties, through which those products have been imported;
- (h) “Free on Board price” means the price paid to the exporter for the product when the goods pass the ships rail at the named port of shipment, thereafter, the importer will assume all the costs including the necessary expenses for the shipment;
- (i) “value of materials”: for SACU means the customs value at the time of importation of the non-originating materials used, or, if this is not known and cannot be ascertained, the first ascertainable price paid for the materials in SACU; for MERCOSUR means the CIF price of non-originating materials used as defined in (g);
- (j) “value of originating materials” means the value of such materials as defined in (i),

- (k) “price of the product”: for SACU means ex-works price, as defined in (f); for MERCOSUR means the Free on Board price, as defined in (h);
- (l) “chapters”, “headings” and “subheadings” mean the chapters, the headings (four-digit codes) and subheading (six-digit codes) used in the nomenclature which makes up the Harmonized Commodity Description and Coding System, referred to in this Annex as “the Harmonized System” or “HS”;
- (m) “classified” refers to the classification of a product or material under a particular heading or subheading;
- (n) “consignment” means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;
- (o) “territory” includes the “territorial sea”, the “exclusive economic zone” and the “continental shelf” as defined in the United Nations Convention on the Law of the Sea;
- (p) “high seas” have the same meaning as in the United Nations Convention on the Law of the Sea;
- (q) “MERCOSUR” means Mercado Común del Sur;
- (r) “a MERCOSUR state” means any of the following states: Argentina, Brazil, Paraguay or Uruguay, as the case may be;
- (s) “SACU” means the Southern African Customs Union;
- (t) “a SACU state” means any of the following states: Botswana, Lesotho, Namibia, South Africa or Swaziland, as the case may be;
- (u) “customs or competent authority” refer to a customs authority in SACU and, in MERCOSUR,¹ to the:
- “Ministerio de Economía y Producción - Secretaria de Industria, Comercio y de la Pequeña y Mediana Empresa” of Argentina;
 - “Ministério do Desenvolvimento, Indústria e Comércio Exterior – Secretaria de Comércio Exterior, e Ministério da Fazenda – Secretaria da Receita Federal do Brasil” of Brazil;
 - “Ministerio de Industria y Comercio” of Paraguay; and
 - “Ministerio de Economía y Finanzas – Asesoría de Política Comercial” of Uruguay.

¹ The competence of issuing certificates of origin is delegated by the competent authorities of MERCOSUR to authorised public agencies or trade organisations in Argentina, Brazil, Paraguay and Uruguay.

TITLE II
DEFINITION OF THE CONCEPT OF “ORIGINATING PRODUCTS”

Article 2
General requirements

1. For the purpose of implementing this Agreement, the following products shall be considered as originating in MERCOSUR or SACU:
 - (a) products wholly obtained in MERCOSUR or SACU within the meaning of Article 4;
 - (b) products obtained in a Signatory Party incorporating non-originating materials, provided that such materials have undergone sufficient working or processing in the Signatory Party within the meaning of Article 5.

2. For the purpose of this Agreement, products originating in MERCOSUR shall be considered as originating in Argentina, Brazil, Paraguay or Uruguay, and products originating in SACU shall be considered as originating in Botswana, Lesotho, Namibia, South Africa or Swaziland.

Article 3
Bilateral cumulation of origin

1. Notwithstanding Article 2, materials and products originating in MERCOSUR within the meaning of this Annex shall be considered as originating in SACU, provided that they have undergone working or processing in SACU going beyond that referred to in Article 6.

2. Notwithstanding Article 2, materials and products originating in SACU within the meaning of this Annex shall be considered as originating in MERCOSUR, provided that they have undergone working or processing in MERCOSUR going beyond that referred to in Article 6.

3. Notwithstanding Article 2, products listed in Annexes I and II that are subject to a tariff rate quota or preferences offered to a particular Signatory Party only are excluded from the cumulation provisions.

Article 4
Wholly obtained products

1. The following shall be considered as wholly obtained in MERCOSUR or in SACU:
 - (a) mineral products extracted from the soil or subsoil and from the seabed and marine subsoil of the territory of the Signatory Parties;
 - (b) vegetable products harvested there;
 - (c) live animals born, captured and raised there;

- (d) products from live animals raised there;
- (e) products obtained by collecting, hunting, fishing or aquaculture conducted there;
- (f) products of sea fishing and other products taken from the territorial sea and exclusive economic zone of MERCOSUR or of SACU;
- (g) products of sea fishing and other products taken from the waters in the high seas only by flagged and registered vessels of the respective Signatory Party, as well as products of sea-fishing obtained under a specific quota allocated to a Signatory Party by an international management organisation or regime;
- (h) products taken from the seabed or subsoil of their respective continental shelves;
- (i) products extracted from the seabed or subsoil outside their respective continental shelves provided that the concerned Signatory Party has rights or is sponsoring an entity that has rights to exploit the resources of that seabed or subsoil, in accordance with international law;
- (j) used articles collected there fit only for the recovery of raw materials;
- (k) waste and scrap resulting from manufacturing operations conducted there;
- (l) goods produced there exclusively from the products specified in subparagraphs (a) to (k).

Article 5 **Sufficiently worked or processed products**

1. For the purposes of Article 2, products covered by this Agreement as listed in Annexes I and II, which are not wholly obtained are considered to be sufficiently worked or processed when the conditions set out in the list in Appendix II are fulfilled.²

2. Goods which are not covered by this Agreement as listed in Annexes I and II, but which are incorporated into a good that is covered by this Agreement, are considered to be sufficiently worked or processed if:

- (a) these goods are manufactured from materials or products of any heading, except that of the good, or
- (b) the value of all non-originating materials or products used does not exceed 40% of the price of the good.

² The conditions referred to in paragraph 1 indicate, for all products covered by the Agreement, the working or processing which must be carried out on non-originating materials used in manufacturing and apply only in relation to such materials. It follows that if a product which has acquired originating status by fulfilling the conditions set out in the list is used in the manufacture of another product, the conditions applicable to the product in which it is incorporated do not apply to it, and no account shall be taken of the non-originating materials which may have been used in its manufacture.

3. Notwithstanding paragraphs 1 and 2, non-originating materials which, according to the conditions set out in the list, should not be used in the manufacture of a product may nevertheless be used, provided that:

- (a) their total value does not exceed 10 per cent of the price of the product; and
- (b) any of the percentages given in paragraph 2 and in the list of Appendix II for the maximum value of non-originating materials are not exceeded through the application of this paragraph.

This paragraph shall not apply to products falling within Chapters 50 to 63 of the Harmonized System.

4. Paragraphs 1 to 3 shall apply subject to the provisions of Article 6.

Article 6 **Insufficient working or processing**

1. Without prejudice to paragraph 2, the following operations shall be considered as insufficient working or processing to confer the status of originating products, whether or not the requirements of Article 5 are satisfied:

- (a) preserving operations to ensure that the products remain in good condition during transport and storage;
- (b) breaking-up and assembly of packages;
- (c) washing, cleaning; removal of dust, oxide, oil, paint or other coverings;
- (d) ironing or pressing of textiles;
- (e) simple ⁽³⁾ painting and polishing operations;
- (f) husking, partial or total bleaching, polishing, and glazing of cereals and rice;
- (g) operations to colour sugar or form sugar lumps;
- (h) peeling, stoning and shelling, of fruits, nuts and vegetables;
- (i) sharpening, simple ⁽³⁾ grinding or simple ⁽³⁾ cutting;
- (j) sifting, screening, sorting, classifying, grading, matching (including the making-up of sets of articles);
- (k) simple ⁽³⁾ placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;
- (l) affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;

³ “simple”, generally describes activities which need neither special skills nor machines, apparatus or equipment especially produced or installed for carrying out the activity.

- (m) simple mixing ⁽⁴⁾ of products, whether or not of different kinds;
- (n) simple ⁽³⁾ assembly of parts of articles to constitute a complete article or disassembly of products into parts;
- (o) a combination of two or more operations specified in (a) to (n); and
- (p) slaughter of animals.

2. All operations carried out either in MERCOSUR or in SACU on a given product shall be considered together when determining whether the working or processing undergone by that product is to be regarded as insufficient within the meaning of paragraph 1.

Article 7 **Unit of qualification**

1. The unit of qualification for the application of the provisions of this Annex shall be the particular product which is considered as the basic unit when determining classification using the nomenclature of the Harmonized System. It follows that:

- (a) when a product composed of a group or assembly of articles is classified in accordance with the Harmonized System in a single heading, the whole constitutes the unit of qualification; and
- (b) when a consignment consists of a number of identical products classified under the same heading of the Harmonized System, each product must be taken individually when applying the provisions of this Annex.

2. The packages and packing materials for retail sale, when classified together with the packaged product, in accordance with General Rule 5 b) of the Harmonized System shall not be taken into account for considering whether all non-originating materials used in the manufacture of a product fulfil the criterion corresponding to a change of tariff classification of the said product.

3. If the product is subject to an ad valorem percentage criterion, the value of the packages and packing material for retail sale shall be taken into account in its origin assessment.

⁴ “simple mixing”, generally describes activities, including dilution in water or any other substance which does not substantially alter the product characteristics, which need neither special skills nor machines, apparatus or equipment specially produced or installed for carrying out the activity. However, simple mixing does not include chemical reaction. Chemical reaction means a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

Article 8
Accessories, spare parts and tools

Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle, which are part of the normal equipment and included in the price thereof or which are not separately invoiced, shall be regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

Article 9
Sets

Sets, as defined in General Rule 3 of the Harmonized System, shall be regarded as originating when all component products are originating. Nevertheless, when a set is composed of originating and non-originating products, the set as a whole shall be regarded as originating, provided that the value of the non-originating products does not exceed 15 per cent of the price of the set (price of the product).

Article 10
Containers and packing materials for transport

The containers and packing materials exclusively used for the transport of a product shall not be taken into account for determining the origin of any good or product, in accordance with General Rule 5 b) of the Harmonized System.

Article 11
Neutral elements

1. In order to determine whether a product originates, it shall not be necessary to determine the origin of the following which might be used in its manufacture:

- (a) energy and fuel;
- (b) plant and equipment;
- (c) machines and tools; and
- (d) goods which do not enter into the final composition of the product.

TITLE III TERRITORIAL REQUIREMENTS

Article 12 Principle of territoriality

1. The conditions for acquiring originating status set out in Title II must be fulfilled without interruption in MERCOSUR or in SACU.
2. Where originating goods exported from MERCOSUR or from SACU to another country are returned, they must be considered as non-originating when re-exported to MERCOSUR or SACU, unless it can be demonstrated to the satisfaction of the customs authorities that:
 - (a) the returning goods are the same as those exported; and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.

Article 13 Direct transport

1. The preferential treatment provided for under the Agreement applies only to products satisfying the requirements of this Annex, which are transported directly between MERCOSUR and SACU.

However, products constituting one single consignment may be transported through other territories with, should the occasion arise, transshipment or temporary warehousing in such territories, provided that they remain under the surveillance of the customs authorities in the country of transit or warehousing and do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition.

Originating products may be transported by pipeline across territory other than that of the Signatory Parties.
2. Evidence that the conditions set out in paragraph 1 have been fulfilled shall be supplied to the customs authorities of the importing country by the production of:
 - (a) a single transport document covering the passage from the exporting country through the country of transit; or
 - (b) a certificate issued by the customs or competent authority of the country of transit:
 - (i) giving an exact description of the products;
 - (ii) stating the dates of unloading and reloading of the products and, where applicable, the names of the ships, or the other means of transport used; and
 - (iii) certifying the conditions under which the products remained in the transit country; or
 - (c) failing these, any substantiating documents.

Article 14
Exhibitions

1. Originating products, sent for exhibition in a country outside the Signatory Parties and sold after the exhibition for importation into MERCOSUR or into SACU shall benefit on importation from the provisions of the Agreement provided it is shown to the satisfaction of the customs or competent authority that:

- (a) an exporter has consigned these products from MERCOSUR or from SACU to the country in which the exhibition is held and has exhibited them there;
- (b) the products have been sold or otherwise disposed of by that exporter to a person in MERCOSUR or in SACU;
- (c) the products have been consigned during the exhibition or immediately thereafter in the state in which they were sent for exhibition; and
- (d) the products have not, since they were consigned for exhibition, been used for any purpose other than demonstration at the exhibition.

2. A certificate of origin must be issued or made out in accordance with the provisions of Title IV and submitted to the customs authorities of the importing country in the normal manner. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of the conditions under which they have been exhibited may be required.

3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organized for private purposes in shops or business premises with a view to the sale of foreign products, and during which the products remain under customs control.

TITLE IV
CERTIFICATE OF ORIGIN

Article 15
General requirements

1. Products originating in a Signatory Party shall, on importation into MERCOSUR or SACU, benefit from the Agreement upon submission of a certificate of origin, a specimen of which appears in Appendix III.

2. Notwithstanding paragraph 1, originating products within the meaning of this Annex shall, in the cases specified in Article 22, benefit from the Agreement without it being necessary to submit the certificate of origin.

Article 16⁵**Procedure for the issue of a certificate of origin**

1. A certificate of origin shall be issued by the customs or competent authority of the exporting country on application having been made in writing by the exporter or, under the exporter's responsibility, by his authorised representative.
2. For this purpose, the exporter or his authorised representative shall complete both the certificate of origin and the application form, specimens of which appear in Appendix III. These forms shall be completed in English, in accordance with the provisions of the domestic law of the exporting country. If they are handwritten, they shall be completed in ink in block letters. The description of the products must be given in the box reserved for this purpose without leaving any blank lines. Where the box is not completely filled, a horizontal line must be drawn below the last line of the description, the empty space being crossed through.
3. The exporter applying for the issue of a certificate of origin shall be prepared to submit at any time, at the request of the customs authorities or competent authority of the exporting country where the certificate of origin is issued, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Annex.
4. A certificate of origin shall be issued by the customs or competent authority of MERCOSUR or of SACU if the products concerned can be considered as products originating in MERCOSUR or in SACU and fulfil the other requirements of this Annex.
5. The customs or competent authority issuing certificates of origin shall take any step necessary to verify the originating status of the products and the fulfilment of the other requirements of this Annex. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate. They shall also ensure that the forms referred to in paragraph 2 are duly completed. In particular, they shall check whether the space reserved for the description of the products has been completed in such a manner as to exclude all possibility of fraudulent additions.
6. The date of issue of the certificate of origin shall be indicated in Box 11 of the certificate.
7. A certificate of origin shall be issued by the customs or competent authority and made available to the exporter as soon as actual exportation has been effected or ensured.

⁵ The term "the other requirements", mentioned in paragraphs 4 and 5 of this Article, does not include the requirements of direct transport and exhibition, since those requirements shall be checked by the customs authority of the importing country.

Article 17
Certificate of origin issued retrospectively

1. Notwithstanding Article 16(7), a certificate of origin may exceptionally be issued after exportation of the products to which it relates if:
 - (a) it was not issued at the time of exportation because of errors or involuntary omissions or special circumstances; or
 - (b) it is demonstrated to the satisfaction of the customs or competent authority that a certificate of origin was issued but was not accepted at importation for technical reasons.
2. For the implementation of paragraph 1, the exporter must indicate in his application the place and date of exportation of the products to which the certificate of origin relates, and state the reasons for his request.
3. The customs or competent authority may issue a certificate of origin retrospectively, if requested by the exporter within six months from the date of the exportation, and only after verifying that the information supplied in the exporter's application corresponds with that in the records of the issuing office or the authenticity thereof have been verified.
4. Certificates of origin issued retrospectively must be endorsed with the words "*ISSUED RETROSPECTIVELY*".
5. The endorsement referred to in paragraph 4 shall be inserted in the "Remarks" box of the certificate of origin.

Article 18
Issue of a duplicate certificate of origin

1. In the event of theft, loss or destruction of a certificate of origin, the exporter may apply to the customs or competent authority which issued it for a duplicate made out on the basis of the export documents in their possession or of which the authenticity thereof have been verified.
2. The duplicate issued in this way must be endorsed with the word "*DUPLICATE*".
3. The endorsement referred to in paragraph 2 shall be inserted in the "Remarks" box of the duplicate certificate of origin.
4. The duplicate, which shall indicate the date of issuance and the number of the original certificate in the "Remarks" box, shall take effect as from that date.

Article 19
Issuing of Certificate of Origin on the Basis of a Proof of Origin Issued or Made out Previously

1. When originating goods are placed under the control of a customs office in a Member State of SACU or MERCOSUR, it shall be possible to replace the original proof of origin by one or more Certificate of Origin for the purpose of sending all or some of these goods elsewhere within the Member States of SACU or MERCOSUR. The replacement Certificate of Origin shall be issued by the competent governmental authority under whose control the products are placed.

2. In the case of MERCOSUR, this article shall apply only to the Signatory Parties that have decided on its implementation and that have duly notified the Joint Committee thereof.

Article 20
Validity of certificate of origin

1. The certificate of origin shall be valid for six months from the date of issue in the exporting country, and must be submitted within the said period to the customs authorities of the importing country.

2. Certificates of origin which are submitted to the customs authorities of the importing country after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying preferential treatment, where the failure to submit these documents by the final date set is due to exceptional circumstances.

3. In other cases of belated presentation, the customs authorities of the importing country may accept the certificates of origin where the products have been submitted before the said final date.

Article 21
Submission of certificates of origin

Certificates of origin shall be submitted to the customs authority of the importing country in accordance with the procedures applicable in that country. The said authorities may require a translation of a certificate of origin and may also require the import declaration to be accompanied by a statement from the importer to the effect that the products meet the conditions required for the implementation of the Agreement.

Article 22
Importation by instalments

Where, at the request of the importer and on the conditions laid down by the customs authority of the importing country, dismantled or non-assembled products within the meaning of General Rule 2(a) of the Harmonized System falling within Sections XVI and XVII, Chapter 90 or headings 7308 and 9406 of the Harmonized System are imported by instalments, a single certificate of origin for such products shall be submitted to the customs authority upon importation of the first instalment.

Article 23
Exemptions from certificate of origin

1. Products sent as small packages from private persons to private persons or forming part of travellers' personal luggage shall be admitted as originating products without requiring the submission of a certificate of origin, provided that such products are not imported by way of trade and have been declared as meeting the requirements of this Annex and where there is no doubt as to the veracity of such a declaration. In the case of products sent by post, this declaration can be made on the customs declaration CN22 / CN23 or on a sheet of paper annexed to that document.

2. For the purposes of paragraph 1:

- (a) imports which are occasional and consist solely of products for the personal use of the recipients or travellers or their families shall not be considered as imports by way of trade if it is evident from the nature and quantity of the products that no commercial purpose is intended; and
- (b) in case of small packages or products forming part of travellers' personal luggage, the total value of these products shall not exceed the value stipulated in the national legislation of the Signatory Party concerned.

Article 24⁶
Supporting documents

1. The documents referred to in Articles 16(3) used for the purpose of proving that products covered by a certificate of origin can be considered as products originating in MERCOSUR or in SACU and fulfil the other requirements of this Annex may consist *inter alia* of the following:

- (a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained for example in his accounts or internal book-keeping;
- (b) documents proving the originating status of materials used, issued or made out in MERCOSUR or in SACU where these documents are used in accordance with domestic law;
- (c) documents proving the working or processing of materials in MERCOSUR or in SACU, issued or made out in a MERCOSUR or in SACU, where these documents are used in accordance with domestic law; or
- (d) certificates of origin proving the originating status of materials used, issued or made out in MERCOSUR or in SACU in accordance with this Annex.

⁶ The term "the other requirements", mentioned in this Article, does not include the requirements of direct transport and exhibition, since those requirements shall be checked by the customs authorities of the importing country.

Article 25

Preservation of certificate of origin and supporting documents

1. The exporter applying for the issue of a certificate of origin shall keep for at least three years the documents referred to in Article 16(3).
2. The competent authority of the exporting country responsible of issuing certificates of origin shall keep for at least three years the application form referred to in Article 16(2).
3. The customs authority of the importing country shall ensure the availability, for at least three years, of the certificates of origin submitted for preferential treatment.

Article 26

Discrepancies and formal errors

1. The discovery of slight discrepancies between the statements made in the certificate of origin and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not, ipso facto, render the certificate of origin null and void if it is duly established that this document does correspond to the products submitted.
2. Obvious formal errors on a certificate of origin should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.⁷

TITLE V

ARRANGEMENTS FOR ADMINISTRATIVE CO-OPERATION

Article 27

Notifications

The customs or competent authorities of SACU and MERCOSUR shall provide each other, through the SACU and the MERCOSUR Secretariats respectively, with specimen impressions of official stamps and signatures (used in their offices) for the issue of certificates of origin and with the addresses of the customs or competent authorities responsible for verifying the authenticity of the certificates of origin and the correctness of the information given therein.

⁷ Obvious formal errors include, but are not limited to, typing errors, and exclude deliberate errors.

Article 28
Verification of certificate of origin⁸

1. In order to ensure the proper application of this Annex, MERCOSUR and SACU shall assist each other, through the customs or competent authorities, in checking the authenticity of the certificates of origin and the correctness of the information given in these documents.
2. Subsequent verifications of certificates of origin shall be carried out at random or whenever the customs or competent authority of the importing country have reasonable doubts as to the authenticity of such documents, the originating status of the products concerned or the fulfilment of the other requirements of this Annex.
3. For the purposes of implementing the provisions of paragraph 1, the customs or competent authority of the importing country shall return the certificate of origin, if it has been submitted, or a copy of these documents, to the customs or competent authority of the exporting country giving, where appropriate, the reasons for the enquiry. Any documents and information obtained suggesting that the information given on the certificate of origin is incorrect shall be forwarded in support of the request for verification.
4. The verification shall be carried out by the customs or competent authority of the exporting country. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate.
5. If the customs authority of the importing country decide to suspend the granting of preferential treatment to the products concerned while awaiting the results of the verification, release of the products shall be offered to the importer subject to any precautionary measures judged necessary.
6. The customs or competent authority requesting the verification shall be informed of the results of this verification as soon as possible. These results must indicate clearly whether the documents are authentic and whether the products concerned can be considered as products originating in MERCOSUR or in SACU and fulfil the other requirements of this Annex.
7. If in cases of reasonable doubt there is no reply within ten months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products, the requesting customs authority shall, except in exceptional circumstances, refuse entitlement to the preferences.
8. The requesting customs or competent authority shall inform the customs or competent authority of the exporting country of its decision on the basis of the verification in question.

⁸ The term "the other requirements", mentioned in paragraphs 2 and 6 of this Article, does not include the requirements of direct transport and exhibition, since those requirements shall be checked by the customs authorities of the importing country.

Article 29
Dispute settlement

1. Where disputes arise in relation to the verification procedures of Article 27 which cannot be settled between the customs or competent authority requesting a verification and the customs or competent authority responsible for carrying out this verification or where they raise a question as to the interpretation of this Annex, they shall be submitted to the Joint Administration Committee, without prejudice to the Parties' or the Signatory Parties' rights to have recourse to the Dispute Settlement mechanism of this Agreement.
2. In all cases the settlement of disputes between the importer and the customs or competent authority of the importing country shall be under the legislation of the said country.

Article 30
Penalties

Penalties shall be imposed on any person who draws up, or causes to be drawn up, a document which contains incorrect information for the purpose of obtaining a preferential treatment for products.

Article 31
Free Zones

1. The treatment to be afforded to goods from Free Zones will be subject to a decision to be reached as foreseen in the Understanding on Free Zones attached to this Agreement, as Appendix IV to Annex III.
2. In the interim, MERCOSUR and SACU shall take all necessary steps to ensure that products traded under cover of a proof of origin, which in the course of transport use a free zone situated in their territory, are not substituted by other goods and do not undergo handling other than normal operations designed to prevent their deterioration.

TITLE VI
FINAL PROVISIONS

Article 32
Review

The Joint Administration Committee shall review this Annex no later than three years after the entry into force of the Agreement, or in the event of a new round of negotiations intended to deepen or broaden the scope of the Preferential Trade Agreement and, as appropriate, propose to the Parties amendments to the criteria for the determination, application and administration of origin.

Article 33
Transitional provisions for goods in transit or storage

The provisions of the Agreement may be applied to goods which comply with the provisions of this Annex and which on the date of entry into force of the Agreement are either in transit or are in MERCOSUR or in SACU in temporary storage in customs warehouses or in free zones, subject to the submission to the customs or competent authority of the importing country, within six months of the said date, of a certificate of origin issued retrospectively by the customs or competent authority of the exporting country together with the documents showing that the goods have been transported directly in accordance with the provisions of Article 11.

APPENDIX

Appendix I, II, III and IV are part of this Annex.